



## Strategic Growth Plan

### Goal

Increase affiliates' market share measured by unit and owner member counts.

### Initial Investment

The NAA Membership Committee made a recommendation to the NAA Board during the September NAA Board meeting to establish a "Strategic Growth Restricted Fund" with \$250,000 from fiscal year 2010 surplus. The NAA Board approved the motion below.

**MOTION:** To establish a new Strategic Growth Restricted Fund out of 2010 net income up to \$250,000.

**APPROVAL:** The motion passed unanimously.

### Step 1

1. Conduct an assessment of NAA's penetration rate in major metropolitan areas.
2. Identify areas where NAA has an existing affiliate where the penetration rate is low.
3. Conduct a preliminary SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) of the underserved areas to identify the target associations.
4. Select the target associations.

### Step 2

1. Visit the targeted associations and explain to them the benefits of participating in the Strategic Growth Initiative.
2. Assist affiliates in conducting a Strategic Growth Planning Session.
  - a. Develop a detailed SWOT Analysis
  - b. Develop SMART goals (specific, measurable, attainable, realistic and timely)
  - c. Develop recruitment strategies for achieving the Smart Goals.
  - d. Develop Action Plan

### Step 3

1. Evaluate plans submitted by Affiliates that require NAA resources (staff time or money).
2. Prioritize plans and allocate resources to NAA Affiliates for implementation of their individual Strategic Growth Plans.
3. Monitor the Plans - Promote accountability of each participating affiliate, measure and track results to ensure proper allocation of strategic growth funds.

### How Does the Strategic Growth Plan Support NAA's Big Picture?

- NAA is a federation. The whole of NAA is greater than its parts. Helping our affiliates strengthens NAA and the apartment industry as a whole.

- Increases everyone’s revenue stream by increasing membership, educational offering and lease revenues.
- By increasing market share, NAA and its local and state affiliates:
  - Will have more leverage to have a direct impact on issues that impact the apartment industry
  - Provide members with increased levels of service.
- Provides NAA affiliates with the tools, information and access to resources to be successful.

**EXAMPLE**

1. ABC Association’s potential market is approximately 250,000 units. This represents properties with 20 units or more.
2. ABC Association’s current unit count is approximately 70,000 units or a penetration rate of 28%.
3. The plan calls for the ABC Association to hire a full-time membership recruiter at a cost of \$35,000 with an expectation of increasing unit count by 25,000 units per year, until it reaches a final penetration rate of 60% or 150,000 units.
4. NAA agrees to subsidize 100% of the cost for year one, 75% for year two, 50% for year three and 25% for year four.

***If assumptions are met, the table below illustrates the outcome:***

Total units in area	250,000	
Current Unit Count	70,000	28%
60% penetration	150,000	

Year	Unit Count	NAA Dues	Increase Dues	Cost to NAA
Current	70,000	\$29,400		
Year 1 – 100%	95,000	\$39,900	\$10,500	\$35,000
Year 2 – 75%	120,000	\$50,400	\$21,000	\$26,250
Year 3 – 50%	145,000	\$60,900	\$31,500	\$17,500
Year 4 – 25%	150,000	\$63,000	\$33,600	\$8,750
			\$96,600	\$87,500

Annual Stabilized Increase	\$33,600
Investment	\$87,500

In the example above, NAA would commit \$87,500 over a four-year period and receive \$96,600 in increased revenue from the affiliate. Once stabilized, the annual increase would be \$33,600 per year or a 38% return on our investment. No increase in education or lease revenue was evaluated.